

IOWA RACING AND GAMING COMMISSION

MINUTES

MARCH 2, 2006

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, March 2, 2006, at Stoney Creek Inn, 5291 Stoney Creek Court, Johnston, Iowa. Commission members present were Diane Hamilton, Chair; Kate Cutler, Vice Chair; and members Gerry Bair, Joyce Jarding and Greg Seyfer.

Chair Hamilton called the meeting to order at 8:30 AM, and noted there were two corrections to the agenda: withdrawal of the recognition for Mike Mahaffey, and the contract approval submitted by Washington County Riverboat Foundation, Inc. The first item will come back before the Commission in June; while the second item will be on the April agenda. Chair Hamilton requested a motion to approve the agenda as amended. Commissioner Cutler moved to approve the agenda as amended. Commissioner Jarding seconded the motion, which carried unanimously.

Commissioner Bair requested a copy of the Washington County Riverboat Foundation, Inc. By-Laws that indicate what areas have been amended.

Chair Hamilton moved to the approval of the minutes from the January 12, 2006 Commission meeting. Commissioner Jarding moved to approve the minutes as submitted. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Hamilton called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer noted that the Commission would meet at Harrah's in Council Bluffs on April 20, 2006, and June 8, 2006 at Stoney Creek Inn. There is no May meeting.

Mr. Ketterer noted that the Iowa Attorney General's website contains an area pertaining to open meeting and public records. A recent bulletin stated that the open meetings law pertains to those non-profits licensed to conduct pari-mutuel wagering or gambling games. Mr. Ketterer called on Jeff Peterzalek, Assistant Attorney General for IRGC, to provide an overview of the statute and how it applies to the non-profits licensed by the Commission.

Mr. Peterzalek prefaced his comments by referencing the Attorney General's website: www.IowaAttorneyGeneral.org. He noted there are two specific provisions in Iowa Code Chapter 21 addressing non-profit entities. He indicated that not-for-profit organizations are generally not subject to the open meetings law. Mr. Peterzalek pointed out that open meeting issues have been in the news recently, and that if there are questions as to whether an entity is complying with the law, it can become newsworthy.

Mr. Peterzalek stated that Iowa Code Section 21.2 states in part: The law applies to non-profit corporations “whose facilities or indebtedness are supported in whole or in part with property tax revenue” **and** who are “licensed to conduct pari-mutuel wagering” under Iowa Code Chapter 99D. He noted that the statute goes on to state: The law applies to non-profit corporations “licensed to conduct gambling games” under Iowa Code Chapter 99F. Mr. Peterzalek stated that the open meeting laws do not apply to the operating entities such as Harrah’s, Terrible’s, or Isle of Capri.

Mr. Ketterer advised that a few copies of the referenced article were available on the back table.

Chair Hamilton moved to the contract approval portion of the agenda, and called on Riverside Casino & Golf Resort (RC&GR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Kennedy & Company – Construction – Access Floors
- Apex Industries, Inc. – Construction – Fireproofing
- ASI Custom Sheet Metal, Inc. – Construction – Hotel Metal Wall Panels
- DeLong-Keith Construction, Inc. – Golf Course – Earthwork
- D & R Masonry – Construction – Hotel Masonry
- D & R Masonry – Construction – Casino Masonry
- Corridor Paint & Drywall – Construction – Interior Framing
- MAD’s Business Solutions, Inc. – Purchase of Computers for RCGR Employees (RP)
- Patton & Associates – Lease of Local House for New Employees to Live In Temporarily (RP)

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contracts as submitted by RC&GR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-17)

Chair Hamilton requested a construction update. Mr. Massa provided the following information with regard to the project:

- Advised that the property is fully enclosed, work has started on the hotel tower, and all floors in the facility are poured except for a small section in the kitchen area. He noted the following changes to the project: the addition of an indoor/outdoor pool, approximately 3,000 square feet of retail space, and they have integrated the golf pro shop into the property rather than having it be a stand alone facility. A health and wellness center has also been added for RC&GR employees.

- Utilities - Mr. Massa noted that the property had worked with the City of Riverside and entered into a TIF agreement that allowed the expansion of the city's utility capabilities and accommodate RC&GR. He noted that bids were being let on that project today. Mr. Massa advised that the utility services from the new construction will not be available until January 2007.
- On Monday, March 6th, the City of Riverside will vote on whether or not to close Walnut Road, which bisects a portion of the property. Bids have been let for work on the golf course. It is anticipated that work will begin on Tuesday, March 7th.
- Approximately nine directors have been hired to date. All but two are from Iowa, with one of those being a former Iowan returning to Iowa.

Mr. Massa advised that there is a website, www.riversidecasinogolfresort.com, which is routinely updated with progress at the project. Commissioner Cutler asked about the projected opening date. Mr. Massa stated they are targeting September 10, 2006. The golf course will open in the spring/June of 2007.

There was a brief discussion concerning the proposed rain forest and any involvement by RC&GF in any efforts to bring the project to Riverside. Mr. Massa stated that they have been working with the local group, which has visited the property site twice. He indicated the organization pledged a high degree of interest in providing some funding, as did the not-for-profit group.

Chair Hamilton called on Diamond Jo Worth (DJW). Jim Dickstein, General Manager, presented the following contracts for Commission approval:

- Coca-Cola Distributing – Beverage Purveyor
- DJBK Management, Inc. – Operation of Burger King Restaurant
- Global Payments Gaming Services, Inc. – Credit Card Advance Services
- Global Payments Gaming Services, Inc. – Guaranteed Check Cashing Services
- Northwood State Bank – ATM Services
- Starbucks Corporation – License Agreement

Mr. Dickstein advised that the project is on schedule, and they anticipate taking possession of the property between March 10 - 13; licensing is scheduled for March 15th with the first day of operation being April 4th for friends, family and Worth County residents. The facility will open to the public on April 6th. It is anticipated the grand opening will take place on Wednesday, April 19th. He noted that over 80% of the necessary staff has been hired, customer service training has started, and everything is progressing nicely.

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by DJW.

Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-18)

Chair Hamilton called on Wild Rose Emmetsburg (WRE). Kevin Preston, General Manager, presented the following contracts for Commission approval:

- Corporate Décor and More – Interior Design of Property and Purchase of Hotel/Casino Furniture
- Midwest Gaming Supply – Gaming Equipment/Supplies

Hearing no discussion concerning the contracts, Chair Hamilton called for a motion. Commissioner Jarding moved to approve the contracts as submitted by WRE. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-19)

Mr. Preston advised that construction is progressing extremely well, painting and tile installation started this week, and the dealers' school opened yesterday with approximately 80 people in attendance. Mr. Preston thanked the local college for helping with the dealers' school and providing a great environment for WRE's employees.

Chair Hamilton asked for dates on scheduled completion, opening, etc. Mr. Preston stated that the project is on track for a Memorial Day opening. Commissioner Cutler asked if the opening would actually take place on Monday or sometime during the week. Mr. Preston indicated that they have not decided on the actual day, but that it would occur sometime that weekend.

Commissioner Bair asked about feedback on marketing. Mr. Preston advised that the marketing director will start this coming Monday, and will start working on radio and television advertising.

Mr. Preston advised that WRE held a job fair on January 18th and 19th, with over 2,200 individuals applying for just over 300 jobs. He again expressed his appreciation to the college for their assistance, and noted that the non-profit board has been excellent to work with as well.

Chair Hamilton called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, Sr. Vice President/Chief Operating Officer, presented the following contracts for Commission approval:

- Aristocrat Technologies, Inc. – Lease of 8 Cash Express Series Games
- IKON Financial Services – Three-year Lease of IR225 Copiers
- IKON Office Solutions – Three-year Agreement for Maintenance of Leased IR225 Copiers

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Bair moved to approve the contacts as submitted by PMR&C. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-20)

Mr. Palmer introduced Jack Bishop, Chairman of the Board, who is also serving as the interim General Manager following the resignation of Bob Farinella.

Chair Hamilton requested an update on the expansion project. Mr. Palmer advised that the casino expansion is progressing, and should be ready to open in September. The multi-purpose room and buffet will open on January 1, 2007.

Chair Hamilton stated that she had heard the jockeys' quarters were very nice. Mr. Palmer concurred, and indicated they would open on April 20th, with racing to begin on April 21st.

Chair Hamilton asked Mr. Palmer if PMR&C was going to build a hotel. Mr. Palmer indicated that was not in the plans at this time. Mr. Bishop indicated that the hotel was in the same category as the parking garage. Neither will be constructed in the near future as PMR&C has taken on all that they can handle at this time. Chair Hamilton noted that those facilities with a hotel do a much better business; and expressed her hope that PMR&C would keep that option in mind. Mr. Bishop stated that PMR&C is somewhat limited by their capacity to borrow funds due to the required referendum every eight years. He noted that PMR&C is in a great location, with multiple hotels located in the vicinity.

Commissioner Cutler asked Mr. Bishop if PMR&C has held discussions with the larger chains to determine if there is an interest in building a hotel themselves, assuming the debt and responsibility. Mr. Bishop indicated the Board was more interested in ownership as it would be better for PMR&C financially.

Mr. Ketterer asked Mr. Bishop and Mr. Palmer if PMR&C Board had ever considered an arrangement similar to the one at Dubuque Greyhound Park & Casino (DGP&C), where the city owns the facility, as opposed to the county, in which 25-30% of the profits are set aside at the end of the year in a capital improvement fund so that funds are available when capital improvements are necessary. Mr. Bishop advised that in the past PMR&C has been able to utilize county credit, which would have been a possibility this time except for the fact that the county held a referendum for \$60 million to build a new county jail. The Board of Supervisors did not feel it was feasible to ask for additional funds for a hotel and parking garage at PMR&C. Mr. Bishop indicated there is a possibility of using county credit in the future which would allow them to accelerate their plans to build a hotel.

Chair Hamilton called on Bluffs Run Casino (BRC), and asked the new name of the facility. Mike Rich, Assistant General Manager, advised that that facility would be

known as Horseshoe Casino and Bluffs Run Greyhound Park. Mr. Rich presented the following contracts for Commission approval:

- Electric Company of Iowa – Wiring for Remodel of Existing Changes
- Express Signs – Creation and Installation of 160 Signs for Horseshoe
- Graphic Controls, LLC – Slot Machine Tickets
- H. Olafsson – International Specialty Foods – Specialty Items for Bakery
- IGT – Purchase and Installation of Table Ratings Software
- Midwest Sign Crafters – Fabrication and Installation of Interior Signage for Horseshoe
- Progressive Gaming – Slot Machines and Parts for Horseshoe

Commissioner Cutler asked about the specialty items from H. Olafsson, noting that she had never seen those items. Mr. Rich advised that BRC had been very fortunate in hiring some excellent pastry chefs, and will begin making their own desserts.

Hearing no further discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contracts as submitted by BRC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-21)

Mr. Rich thanked IRGC staff for their efforts during the transition from BRC to Horseshoe Casino. Chair Hamilton asked if there would be a tour of the facility when the Commission is in Council Bluffs for the April meeting. Gaye Gullo, General Manager, of Harrah's/BRC, indicated they would help with the arrangements.

Chair Hamilton called on Iowa West Racing Association (IWRA)/Iowa Greyhound Association (IGA) concerning their request to withdraw funds from the escrow fund. Jerry Crawford, legal counsel for IGA, presented their request to utilize \$10,500 from interest earnings from the escrow account to produce approximately 2,000 high quality magazines featuring Iowa greyhound breeding farms. He noted that since 1996, the arbitration panel has issued Decisions stating that the interest accumulated by the escrow fund may be used to promote and develop the Iowa greyhound industry, including but not limited to education and marketing. Mr. Crawford stated that the greyhound breeding industry would be a major focus over the next five years, a luxury afforded by the five-year purse agreements that will allow for an effort to grow the industry beyond the traditional methods. He noted that with only two greyhound tracks in the state, there are a finite number of racing opportunities for Iowa-bred greyhounds. The effort in Iowa has been to develop a quality product in the greyhound industry that makes the product desirable at other greyhound tracks all over the country.

Mr. Crawford pointed out that the industry had to make a decision when racetracks were granted the right to install slot machines. In order for an Iowa greyhound to win an Iowa-bred supplement in an Iowa greyhound race, an Iowa greyhound has to win the race in open company; an Iowa greyhound has to beat the best dogs in the country that are

brought to Iowa to race in order to receive the Iowa-bred supplement. This stipulation was originally opposed by many in the Iowa greyhound industry; however, Iowa-bred greyhounds now win in open company at the same percentage or higher percentage than the best dogs produced around the country. Iowa-bred greyhounds are having great success in other jurisdictions because of quality breeding. Mr. Crawford advised that on May 20th, the IGA will conduct an Iowa-bred racing stock greyhound sale at the Iowa State Fairgrounds. He noted that officials involved in coordinating the Keeneland Racing Association Sales Program in Kentucky have been sufficiently impressed by the quality of the Iowa greyhound stock that they have agreed to come to Iowa and coordinate this sale. This is the first time in the history of the Keeneland Racing Association that they have agreed to be involved with the greyhound product.

Mr. Crawford again stated that it is the IGA's intent to focus on the breeding side of the industry beyond just those dogs that are bred to race at Iowa tracks. He noted that copies of the magazine had been mailed to the Commission members, legislators, doctors, dentists, Chambers of Commerce, and all over the state.

Lorraine May, legal counsel for IWRA, noted there are two provisions included in the agreement with the IGA which should be noted in reviewing this request: 1) expenses can not exceed \$75,000 per year, and 2) no funds are to be used for lobbying. Noting that Mr. Crawford indicated copies had been sent to the legislators, Ms. May expressed some concern that lobbying may, in fact, be occurring.

Commissioner Bair asked if Ms. May was interpreting the fact that copies had been sent to the legislators as lobbying or as information. Ms. May stated that if the term "promotional material" was used in describing the contents of the magazine – promoting the greyhound industry itself, the economic impact on Iowa, etc.; however if it is being sent to legislators, she would raise the question.

Mr. Crawford stated that under Iowa law "lobbying" is defined as "encouraging the passage, defeat, approval, veto or modification of legislation or rule or an executive order by members of the general assembly, a state agency or any state elected official." He stated that to his knowledge the IGA is not attempting to pass or defeat any legislation, nor is he aware of pending legislation. It is his opinion that since the Legislature passed the statute creating the growth within the industry the legislators should know what the greyhound industry is doing in an attempt to comply with their directive.

Commissioner Bair voiced his concurrence with Mr. Crawford's reasoning.

Hearing no further comments or questions, Chair Hamilton requested a motion. Commissioner Seyfer moved to approve the IGA's request to withdraw \$10,500 from the interest earnings of the joint escrow account to pay for the publication promoting the Iowa greyhound breeding industry. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-22)

Commissioner Bair suggested that it might be better to request approval for the expenditure of funds prior to doing so instead of after the fact.

Chair Hamilton called on DGP&C. Bruce Wentworth, General Manager, and Brian Carpenter, Director of Racing, were present to answer questions concerning the 45-day plan submitted for Commission approval. Mr. Wentworth, noting that all of the contracts submitted were with Iowa vendors, submitted the following contracts for Commission approval:

- A & G Electric – Casino Expansion – Table Games
- Giese Sheet Metal – Casino Expansion – Table Games
- Epic Construction – Casino Expansion – Table Games
- McClain Excavating – Casino Expansion – Table Games

Hearing no comments or questions concerning the 45-day plan for DGP&C's upcoming live meet or the contracts, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the 45-day plan and additional contracts as submitted by DGP&C. Commissioner Bair seconded the motion.

Commissioner Cutler noted that staff recommended that the motion include the following contingencies: the completion of all appropriate DCI backgrounds and that staff approve simulcast schedule requests to insure compliance with all regulatory requirements. Commissioners Jarding and Bair concurred with the addition of the above to the motion. The motion carried unanimously. (See Order No. 06-23)

Mr. Wentworth advised that March 1 marked the first day of table games on the main casino floor at DGP&C. The table games opened at 10:00 AM. Additional remodeling projects are expected to be completed between March 9 and April 1. With regard to previous comments concerning licensees with hotels, Mr. Wentworth advised the Marriott Garden Inn had a 70% occupancy rate in February, and was sold out every weekend in February. DGP&C's electronic attendance system allows them to scan individuals as they enter the casino and separate out the counters, which they did for a three-month period, and found that 7% of the total attendance comes from the connecting corridor between the hotel and the property.

Chair Hamilton moved to the review of the 2005 calendar year Economic Impact Reports submitted by the licensees. Mr. Ketterer advised that the licensees were to submit the year-to-date economic impact reports for 2005 by February 15, divided into approximately four categories:

- Payroll and related expenditures, salaries, wages and employee benefits totaled \$235 million,
- Statutorily required payments, which are basically taxes and fees, totaled \$288 million

- Charitable contribution donations from the not-for-profits, direct donations, and city/county contributions totaled approximately \$72 million.

Mr. Ketterer noted that the Commission tends to focus on the fourth category: equipment, supplies and services, which consist of the transaction approvals that are reviewed at each meeting. These areas are divided into sub-categories – Iowa Vendors, Non-Iowa Vendors, and Sole Source. Mr. Ketterer stated that the Commission is cognizant of the fact that gaming equipment and supplies are not readily available from Iowa vendors; sole source vendors provide transportation, media placement (Nebraska or Illinois); and that there are other non-Iowa vendors over which the casinos have control and the discretion to determine whether the product will be purchased from an Iowa vendor. In the last two years, the licensees have been fairly consistent in their use of Iowa vendors; usage of Iowa vendors has increased from 81% to 82% in 2004 and 83.5% in 2005. Mr. Ketterer stated that two licensees have been below 75% in their utilization of Iowa vendors: Ameristar was at 70% in 2004 and 68.5% this year; Argosy was at 61% in 2004 and improved to 67% this year. All other licensees have been above 75%. Mr. Ketterer requested that Ameristar and Argosy increase their usage of Iowa vendors, which should then increase overall usage closer to 85%. He stated this would be a worthy accomplishment in keeping with the Legislature's intent of having a substantial amount of goods and services purchased from Iowa vendors.

Commissioner Jarding acknowledged the four licensees that were above 90%: Catfish Bend, Diamond Jo, Rhythm City and Prairie Meadows. She noted that the Commission talks about "Buy Iowa" at every meeting, and congratulated those properties on their accomplishment.

Commissioner Bair asked Mr. Ketterer about the "Other Taxes" category, noting that every licensee except two reported a figure in that category. He asked what would be included in that category. Mr. Ketterer indicated that it could be anything – sales taxes, use taxes. Commissioner Bair stated that property taxes came to his mind. Commissioner Bair requested a report on this item.

Chair Hamilton moved to the next agenda item – National Problem Gambling Awareness Week, and called on Frank Biagioli, Executive Officer of the Iowa Gambling Treatment Program. Mr. Biagioli stated that the program promotes and protects the health of Iowans by reducing the effects of problem gambling behavior, and will be participating in National Problem Gambling Awareness Week March 6-12 in order to increase the recognition of problem gambling as a public health issue. He noted that the Commission, the Iowa Gaming Association and the licensees have been instrumental in helping to address the issue of problem gambling over the years. Mr. Biagioli advised that "Your First Step to Change" and "The House Advantage: A Guide to Understanding the Odds", a Harvard Medical School toolkit and a brochure from the American Gaming Association respectively, will be sent to the casinos for distribution to patrons. Mr. Biagioli stated that Governor Vilsack has signed a proclamation declaring March 6-12 as National Problem Gambling Awareness Week in Iowa, in an effort to increase awareness of

problem gambling behavior and to achieve an environment in which individuals and families obtain services and resources that facilitate healthy lifestyles. He thanked the Commission for their continued support over the years.

Following a short break, Chair Hamilton moved to the Excursion Gambling Boat License Renewals and called on IWRA and Ameristar Casino Council Bluffs, Inc. (ACCB) d/b/a Ameristar Casino.

Todd Graham, Executive Director of IWRA, noting that the next two agenda items pertained to the excursion gambling boat license renewals for Ameristar and Harrah's, requested the Commission's support in renewing both of the above-mentioned licenses as well as IWRA's license as the non-profit co-licensee for both facilities. Mr. Graham advised that in 2005 as a result of the fees collected from Ameristar and Harrah's (\$8.6 million) and investment earnings, IWRA was able to make significant contributions to the community. He noted that since its inception IWRA has contributed \$150 million in grants to the community.

Mr. Graham stated that both casinos have been excellent corporate partners for the region, noting that the area is marketed as "Iowa's Leading Edge" by the Council Bluffs Chamber of Commerce.

Mr. Graham introduced Teresa Meyer, Interim General Manager, and Jane Bell, Director of Government Affairs, who were present to answer any questions concerning the license renewal application. Ms. Meyer recapped Ameristar's accomplishments over the previous year: continued to reinvest in the Council Bluffs property - \$11 million for a total renovation of the hotel, which received the Triple A 4-Diamond rating for the eighth year in a row; and \$4 million for the total renovation of the buffet. The property celebrated its ten-year anniversary on January 19th for the community, and held a special celebration for the 108 team members who have been with the property since it opened. Ms. Meyer stated that Ameristar has purchased the industrial property located to the south, removed the commercial structures, and will be developing a riverside park-like setting that will improve the riverfront view of Council Bluffs.

Ms. Meyer stated that Ameristar's market share for fiscal year-to-date April 1 to January 31 is 43.2%, a casino growth of 3.5% for the same period during the previous year, and they are looking forward to the potential for additional market growth with the introduction of the Horseshoe Casino.

Ms. Bell requested approval of the license renewal application and the following contracts:

- Certegy Check Services – Check Cashing Guaranty Service (Increase)
- Cornerstone Energy – Natural Gas (Increase)
- Corporate Express – Office Supplies
- Harker's – Food Product

- Hawkeye Food – Food Product (Increase)
- National Paper Supply – Paper Supplies
- Omaha World Herald – Advertising (Increase)
- Charles Vrana & Son – Construction (Increase)
- Shuffle Master – Shufflers/Games (Increase)
- Western Money Systems – Ticket Redemption Kiosk (Increase)
- G&D America – Count Room Equipment
- Infogenesis – POS/Audit Software for F&B
- Award Wining Gardens & Design – Landscaping & Floral Arrangements
- Prairie Mechanical Corp. – Kitchen & HVAC Maintenance (Increase)
- Day Electric – Electrical Systems Maintenance (Increase)
- SATV Services – Audio Visual Equipment

Hearing no discussion concerning Ameristar's license renewal application or additional contracts, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the excursion gambling boat license renewal application of IWRA/ACCB d/b/a Ameristar Casino from April 1, 2006 through March 31, 2007 and the additional contracts. Commissioner Jarding seconded the motion.

Commissioner Bair, referring to the Economic Impact Report, noted that Ameristar did improve from 2004. He stated that he felt being situated next to the Missouri River might have some effect, but noted that the properties located along the Mississippi River don't seem to experience the same problem. He asked if Ameristar had a program in place to seek Iowa vendors. Ms. Bell stated that Ameristar attempts to do bidding with Iowa vendors, but pointed out that many of the larger vendors come out of the Des Moines area and won't travel or can't provide the services. She stated that Ameristar will endeavor to improve their usage of Iowa vendors.

Hearing no further discussion, Chair Hamilton called for the vote. The motion carried unanimously. (See Order No. 06-24)

Chair Hamilton called on IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel (Harrah's). Gaye Gullo, General Manager, stated Harrah's had a very good year: revenues increased 5% over the prior year as they were able to mitigate much of the construction destruction at BRC through the Total Rewards Program and retain those customers within their community. She stated that Harrah's appreciates doing business in Iowa's stable regulatory environment.

Ms. Gullo stated that Harrah's is committed to reinvesting in the region's economy. Through the Buy Iowa First policy, they spent approximately \$18 million in supplies, equipment and services with Iowa vendors. Approximately \$30 million was invested in wages and benefits for the 1100+ employees, one-half of who are Iowa residents. The State of Iowa received over \$25 million in gaming taxes. Harrah's had record admissions and revenues last year, including an all-time high for table win, which she credited to the

introduction of the only poker room in southwest Iowa. Ms. Gullo stated that the poker room in Council Bluffs has a higher win per unit than the Atlantic City property at the present time. They are hoping to attract more of the table game market with the opening of the larger Horseshoe property. Ms. Gullo stated that Harrah's posted their best season at the concert cove, attracting more national acts at the facility and drawing approximately 25,000 concert goers. They hope to improve that number this coming year with an even more dramatic schedule and a longer season.

Ms. Gullo advised that in addition to strengthening the regional economy, Harrah's employees provided 2,000 hours of community service last year. The commitment to the senior population is demonstrated by their financial donations and continued relationships with the Meals on Wheels program and the Alzheimer's Association. They also provide support to the following local organizations: the Jennie Edmundson Foundation, Micah House, Red Cross, Iowa Western Community College, and Heartland Family Service, southwest Iowa's local mental health provider to promote awareness and assistance with problem gambling. She noted that Harrah's Entertainment pioneered the gaming industry's first responsible gaming program two decades ago. Since that time, Harrah's has instituted Project 21, an industry-wide program that encompasses employee training and public awareness about underage gambling.

Ms. Gullo stated that Iowa has provided Harrah's with many opportunities to reach out to the community, invest in employees and expand their business.

Ms. Gullo presented the following additional contracts for Commission approval:

- CAM Incorporated – Items for Promotions/Events
- Electric Company of Iowa – Wiring and Installation of Systems on Boat
- Graphic Controls, LLC – Slot Machine Tickets
- Honeywell/Building Solutions – Upgrade to Existing Temperature Control System
- IGT – Purchase and Installation of Table Ratings Software
- McGrath, Inc. – HVAC Upgrade
- MidAmerican Energy – Electric Utility Provider (Increase)
- Olson Brothers Construction – Remodeling Work for Retail Shop and On Boat

Hearing no comments or questions concerning the license renewal application for IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the excursion gambling boat license renewal application of IWRA/Harvey's Iowa Management Co., Inc. d/b/a Harrah's from April 1, 2006 through March 31, 2007 and the additional contracts as submitted. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 06-25)

Chair Hamilton called on Scott County Regional Authority (SCRA)/Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Mo Hyder, General Manager for

IOCB and Rhythm City Casino in Davenport, requested approval of the license renewal application for IOCB. Mr. Hyder stated that IOCB is excited about the ongoing renovation of the downtown area of Bettendorf. The \$65 million project will add approximately 250 hotel rooms, for a total of around 500 rooms in downtown Bettendorf. IOCB is also collaborating with the city on the Events Center, which is being funded by a Community Attraction and Tourism (CAT) Grant, the SCRA and the City of Bettendorf. The Events Center is expected to open sometime in 2007.

Mr. Hyder presented the following additional contracts for Commission approval:

- Metro Wrecking & Excavating, Inc. – Demolition and Crushing of Rubble from Past Construction Projects
- Swiss Valley Farms – Food Vendor
- Trinity Medical Center – Provides Health Services for Employees/Families (Name Change)
- CVPS d/b/a Computerized Valet Parking System – Purchase and Install Computerized Valet System

Hearing no comments or questions for Mr. Hyder, Chair Hamilton called for a motion. Commissioner Jarding moved to approve the excursion gambling boat license renewal application of SCRA/Isle of Capri Bettendorf, L.C. d/b/a IOCB from April 1, 2006 through March 31, 2007 and the additional contracts as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-26)

Chair Hamilton moved to the license renewal for Riverboat Development Authority (RDA)/IOC Davenport, Inc. d/b/a Rhythm City Casino. Mary Ellen Chamberlin, President of RDA, requested the privilege of the renewal of the excursion gambling boat license for the Rhythm City Casino. She noted that RDA continues to utilize their funds as a means of leveraging additional funds for other groups within the community. Ms. Chamberlin advised that the six largest attractions in the Davenport area have developed a joint web page and joint passport to attend those venues. She noted that it is easy to run a capital campaign and make a contribution, but it is also necessary to insure the feasibility and ongoing stability of those organizations. Ms. Chamberlin stated that RDA is working with various organizations to make better use of their resources, allowing RDA to make better use of their available funds. The above effort was leveraged by a \$50,000 grant from RDA. Over the years, RDA has contributed approximately \$40,000 per year for marketing and education to the Quad Cities Convention and Visitors Bureau.

Mr. Hyder advised that IOC also has a \$43 million project underway in Davenport, and is waiting for the US Army Corps of Engineer's permit to move the vessel approximately 350 feet from its current location so that it will be adjacent to the new hotel. They are ready to break ground as soon as the permit is received.

Mr. Hyder presented the following additional contracts for Commission approval:

- Advantage Commercial Construction – Construction Cost of Office Additions
- Hartford Life Insurance – Life Insurance Premium for Team Member Package
- Trinity Medical Center – Provides Health Services for Employees/Families (Name Change)
- CVPS d/b/a Computerized Valet Parking System – Purchase and Install Computerized Valet System

He requested approval of the license on behalf of the 1,500 employees in the Quad Cities.

Commissioner Bair asked if the boat was moving east. Ms. Chamberlin advised that was correct, noting that the new location was the preferred location as they will have the ability to expand their parking, one of the biggest advantages to moving the vessel upstream. She noted that the City of Davenport has submitted a major CAT Grant that is under consideration, which will be used to expand and improve the park system along the Mississippi River from downtown to the west.

Hearing no further comments or questions concerning the license renewal application, Chair Hamilton requested a motion. Commissioner Bair moved to approve the excursion gambling boat license renewal application of RDA/IOC Davenport, Inc. d/b/a Rhythm City Casino from April 1, 2006 through March 31, 2007 and the additional contracts as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-27)

Chair Hamilton called on Clarke County Development Corporation (CCDC)/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort (Lakeside). Damon Butler, General Manager, introduced Stacy Gibbs, Executive Director of CCDC. Mr. Butler noted that HGI-Lakeside has made substantial improvements to the property, and distributed two handouts showcasing the improvements and upcoming events. He noted that since Terrible's took over the property in February 2005, \$15.8 million in capital improvements have been made, with more to come. The next area to be renovated will be the land-based operations. Mr. Butler indicated they are starting to see the payoff from the marketing initiatives and capital improvements with increased revenues each month since September 2005. He noted that the patron count for January and February 2006 has averaged over 90,000 per month, second only to attendance records set the year the property opened.

Mr. Butler presented the following additional contracts for Commission approval:

- Baker Electric – Parking Lot Lights at the Casino, Truck Lot, and C-Store
- Berger Devine Yaeger, Inc. – Design/Architectural Plans for Remodel
- Brooner & Associates – Construction Work – Remodel Various Areas of Casino
- Core-Mark International – Purchases for Resale at the C-Store
- Spurrier Oil Co., Inc. – Fuel Purchase for Resale at C-Store

Mr. Butler requested approval of the excursion gambling boat license renewal application.

Hearing no comments or questions concerning the license renewal application or contracts, Chair Hamilton requested a motion. Commissioner Seyfer moved to approve the excursion gambling boat license renewal application of CCDC/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort from April 1, 2006 through March 31, 2007 and the additional contracts as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-28)

Chair Hamilton called on Dubuque Racing Association (DRA)/Peninsula Gaming Company, LLC d/b/a Diamond Jo Casino. Natalie Schramm, General Manager, and Bruce Wentworth, President of DRA, were present to answer any questions. Ms. Schramm advised that net revenues for the Dubuque property were up 2% for the year, EBITDA was up 1%, and capital improvements were \$2 million. She noted that since DGP&C has expanded the property, there has been a 14% increase in gaming revenues in the market. Diamond Jo is excited about the growth in the market, and the fact that they maintained their fair share of the market.

Ms. Schramm stated that in June, the DRA and Diamond Jo entered into an agreement with the City of Dubuque that extended their agreement with the City through 2018 and allowed the track to have table games. The new agreement provides stability for the Diamond Jo employees as the previous agreement with the City would have ended in 2008.

Ms. Schramm requested approval of the excursion gambling license renewal application, as well as a contract with Midwest Casino Supply for new casino chairs for slots, tables and the deli.

Hearing no comments or questions concerning the license renewal application or contract, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the excursion gambling boat license renewal application for DRA/Peninsula Gaming Company, LLC d/b/a Diamond Jo Casino from April 1, 2006 through March 31, 2007, and the additional contract as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-29)

Chair Hamilton called on Missouri River Historical Development, Inc. (MRHD)/Belle of Sioux City, L.P. d/b/a Argosy Casino Sioux City. Frank Quigley, General Manager, provided the Commission with a brief resume of his employment in the gaming industry as he assumed this position in December 2005.

Mr. Quigley noted that the first full year of the renovated Sioux City property has been a significant success in all areas. Argosy is pleased with the success they are seeing from their investment in the property, and subsequently, Penn National Gaming is pleased with their investment. He noted that the MHRD representative had a scheduling conflict and

was unable to attend. Mr. Quigley stated that MHRD is also pleased with the success being enjoyed by the renovated property.

Mr. Quigley assured the Commission that he is very aware and sensitive to the importance of utilizing Iowa vendors, and offered his personal guarantee that their percentage will be significantly higher next year. He noted there were two significant expenditures last year that were detrimental to their percentage: one was an \$800,000 expense to bring the new boat to Sioux City, and \$100,000 in litigation expense.

Mr. Quigley requested approval of the excursion gambling boat license renewal and an additional contract with Penn National Gaming, Inc. for a corporate overhead assessment.

Hearing no comments or questions concerning the license renewal application or contract, Chair Hamilton requested a motion. Commissioner Bair moved to approve the excursion gambling boat license renewal application for MRHD/Belle of Sioux City, L.P. d/b/a Argosy Casino Sioux City from April 1, 2006 through March 31, 2007, and the additional contract as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-30)

Chair Hamilton called on Upper Mississippi Gaming Corp. (UMGC)/Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette (IOCM). Barron Fuller, General Manager, and Lynette Sander, Executive Director of UMGC, were present to address the license renewal application.

Ms. Sander stated that she assumed her position in October 2004, and has enjoyed the opportunity to be involved in an industry that has such a profound affect on the residents of Iowa. She noted that Iowa Department of Economic Development statistics indicate that since 1994 there has been a 102% increase in the amount of tourism dollars generated in Clayton County alone. In the ten years since gaming first arrived in Clayton County, revenues have increased from \$12.3 million to approximately \$24 million. She highlighted some of the organizations and tourist attractions that have benefited from grants from UMGC. Ms. Sander noted that UMGC has contributed over \$3 million to various organizations since 1994. She stated that the UMGC board consists of members from throughout Clayton County, who are representative of the residents of Clayton County. She indicated the board does an excellent job of determining who will receive the grants, as well as encouraging organizations to develop ideas that support economic development, tourism, education, health and public assistance, public safety, community betterment, culture and recreation. Ms. Sander stated that Clayton County has the distinction of being one of the most scenic areas of Iowa, and until recently, one of the poorest. She stated that IOC is a valuable asset and has demonstrated its recognition of being a good corporate citizen by taking an active interest in the community, county and the state in which it operates.

Mr. Fuller noted that 2005 was a good year financially, and that over 50% of IOCM's revenues come from Wisconsin, Illinois, and Minnesota. IOCM paid out \$12 million in

payroll and benefits, with 60% going to Iowa team members. He noted that 30% of the team members have been with the property since the first day. Mr. Fuller requested approval of the excursion gambling boat license renewal application.

Commissioner Bair asked about the decline in grant distributions by UMGC over the last three years. Mr. Fuller advised that the funds received by UMGC are tied to the attendance at the casino, noting that win is up but attendance is down.

Hearing no further comments or questions concerning the license renewal application, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the excursion gambling boat license renewal application as submitted by UMGC/Isle of Capri Marquette, Inc. d/b/a IOCM from April 1, 2006 through March 31, 2007. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-31)

Chair Hamilton called on Southeast Iowa Regional Riverboat Commission (SIRRC)/Catfish Bend Casinos, L.C. d/b/a Catfish Bend Casinos (CBC). On behalf of the Catfish Board and SIRRC, Jerry Baum, General Manager, requested approval of the excursion gambling boat license renewal application and a contract with Seabury & Smith for the purchase of marine, liability, etc. insurance.

Commissioner Cutler asked for any highlights from the previous year. Mr. Baum stated that last year was very similar to the previous year; CBC was within 5 patrons of having the same attendance in 2005 as in 2004. Revenues were within 1% of the previous year.

Hearing no further comments or questions concerning the license renewal or contract, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the excursion gambling boat license renewal application for SIRRC/Catfish Bend Casinos, L.C. d/b/a CBC from April 1, 2006 through March 31, 2007, and the additional contract as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-32)

Chair Hamilton called on Clinton County Community Development Association (CCCDA)/Mississippi Belle II Employees Ownership Co. d/b/a Mississippi Belle II (MB II). Bobby Kehl, President of MB II, requested approval of the excursion gambling boat license renewal application on behalf of the 300+ employees of the facility and CCCDA.

Chair Hamilton requested details from the previous year. Mr. Kehl stated that revenue was down slightly, but this year has started out very strong with revenues up 14.5% in January, and February is up about 2%. He noted that new carpet has been installed throughout the boat, and all of the machines were changed to ticket in/ticket out last year.

Hearing no further comments or questions concerning the license renewal application, Chair Hamilton requested a motion. Commissioner Bair moved to approve the excursion gambling boat license renewal application as submitted by CCCDA/Mississippi Belle II

Employees Ownership Co. d/b/a MB II from April 1, 2006 through March 31, 2007. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-33)

Commissioner Bair requested an update on the IOC Waterloo project before proceeding with the next agenda item. Mr. Ketterer advised that staff was going to have an update at the next meeting. Nancy Donovan, Regional Vice President for IOC, stated that the project was proceeding.

Chair Hamilton called on the Iowa Quarter Horse Racing Association (IQHRA). Butch Hammer, President of the IQHRA and a member of the national board of directors for the American Quarter Horse Association (AQHA), stated that during a planning session of the AQHA six years ago, he became intrigued by a youth program sponsored by the MBNA Credit Card Series in conjunction with the MBNA Challenge Championships held every year. Upon his return to Iowa, he approached the IQHRA board and asked if they would be willing to participate and have Youth Days in Iowa. The National Youth Days consists of twelve youths selected from around the United States, who are taught all the aspects of quarter horse racing during a one-week period. The youths are assigned to a specific trainer at the championships. The IQHRA board finally consented to participate. At that point he approached PMR&C to also be a partner in the program. The program started with 6 youths from around the state, and was for 3 days and 2 nights. The program was expanded to 4 days, 3 nights and 8 youth. It was decided to make a video during the third year of the program to show to other youth organizations around the country affiliated with quarter horse racing. Via a grant from MBNA, 100 videos were originally produced, with another 100 after that. The last 7 videos were distributed at the MBNA Championships last fall. The video was revised last fall. Mr. Hammer stated that in 2005, the program was expanded to 10 youth, and added another partner – the Iowa Thoroughbred Breeders & Owners Association (ITBOA).

The IQHRA gave a \$350 scholarship to the first youth that was an overall winner, who then competed in the MBNA Challenge Championships. Last year, \$11,000 in scholarships was given away. Youth who receive the scholarships are selected by a panel consisting of members from the IQHRA board, PMR&C board, ITBOA board and a member from a state or local government position. Mr. Hammer noted that 3 youth were selected to attend the national challenge championships last year, and that at least one individual has participated at the national level since the inception of the program.

Mr. Hammer advised that the individual narrating the video is a freshmen at Iowa State who participated in the Iowa program two year ago, and went on to participate in the national program. Mr. Hammer noted that two years ago the first scholarship winner completed her undergrad program at Iowa State University, and was accepted to the School of Veterinary Medicine at Iowa State.

Mr. Ketterer noted that Mr. Hammer has been the driving force behind this program from its inception to where it is now.

Chair Hamilton moved to Administrative Business. Mr. Ketterer stated that the Request for Proposal for Horse Racing Fund was in the Commissioner's meeting packet along with the history of past distributions. Commissioner Seyfer asked if the funds would be distributed in April or June. Mr. Ketterer indicated it would be one or the other.

Mr. Ketterer noted that the Commission has already heard from DJW and WRE concerning the proposed openings of those facilities. At the next meeting, the Commission will receive a more detailed update on all four facilities.

Chair Hamilton moved to Public Comment. Kim Miller, Executive Director of Worth County Development Authority, noted that their application talked about the importance of a gambler's treatment program in the area. After receiving the license, she contacted Jim Hanson, one of the Executive Directors at the Prairie Ridge Addiction Treatment Center, and worked with him on developing a program. She stated that Prairie Ridge just announced they had been awarded a grant that will allow them to treat gambling addiction.

Chair Hamilton asked if Prairie Ridge was just a treatment center, or if it was connected to a hospital. Ms. Miller indicated that she thought it was just an addiction center, and is located in Cerro Gordo. She is continuing to work with Mr. Hanson in an effort to get a satellite office opened in Worth County.

As there was no further Public Comment or business to come before the Commission, Chair Hamilton requested a motion to adjourn. Commissioner Bair so moved. Commissioner Cutler seconded the motion, which carried unanimously.

MINUTES TRANSCRIBED BY:

JULIE D. HERRICK